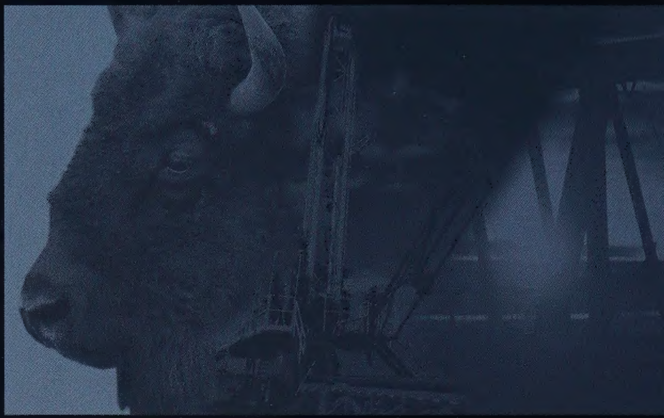
2000

BISON RESOURCES LTD.
2000 ANNUAL REPORT

Bison Resources Ltd. is a junior oil and gas company exploring for and producing crude oil and natural gas in Western Canada. Bison's greatest success has been achieved by generating and drilling oil and gas prospects increasing the company's production and reserves. The corporate business strategy will continue to be one of building a solid foundation of production in a few core areas where the company maintains high working interests and control over as much infrastructure as possible.



BISON RESOURCES LTD.

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THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF BISON RESOURCES LTD. WILL BE HELD AT THE RAMADA HOTEL, CHIANTI ROOM, 708 – 8TH AVENUE SW, CALGARY, ALBERTA ON FRIDAY JUNE 22, 2001, AT 11:00 A.M. (CALGARY TIME). SHAREHOLDERS ARE ENCOURAGED TO ATTEND AND THOSE UNABLE TO DO SO SHOULD COMPLETE THE FORM OF PROXY AND FORWARD AT THEIR EARLIEST CONVENIENCE.

Abbreviations

ARTC	Alberta Royalty Tax Credit
BBL	Barrel
BCF	Billion cubic feet
BOE	Barrel of oil equivalent (10 mcf of natural gas = 1 bbl of oil)
BOEPD	Barrels of oil equivalent per day
BOPD	Barrels of oil per day
CDE	Canadian development expense
CEE	Canadian exploration expense
EBITDA	Earnings before interest, income taxes, and depreciation, depletion and amortization
MCF	Thousand cubic feet
MCFPD	Thousand cubic feet per day
MSTB	Thousand Stock Tank Barrels
NGL	Natural gas liquids

2000 HIGHLIGHTS

Production – oil & ngl	**64,018 bbls**
Production – gas	**49,274 mcf**
Reserves – oil & ngl	**865,000 bbls**
Reserves – gas	**117,000 mcf**
Undeveloped land	**6,875 net acres**
Average price per BOE	**$ 40.93**
Net royalties per BOE	**$ 8.68**
Operating costs per BOE	**$ 9.01**
Netback per BOE	**$ 23.25**
G & A expenses per BOE	**$ 7.23**
Cash flow per BOE	**$ 15.65**
Cash flow from operations	**$ 1,079,224**
Cash flow per share	**$ 0.11**
Net income	**$ 309,986**
Net income per share	**$ 0.03**
EBITDA	**$ 1,104,666**
Capital expenditures	**$ 3,313,256**
Total assets (net) at December 31, 2000	**$ 5,753,129**
Long-term debt at December 31, 2000	**$ 1,172,650**
Shareholder's equity at December 31, 2000	**$ 2,528,897**

REPORT TO SHAREHOLDERS

WITH A 100% DRILLING SUCCESS RATE, BISON IS CONTINUING TO PURSUE OPPORTUNITIES IN SOUTHEAST SASKATCHEWAN WHERE THE COMPANY NOW HAS FACILITIES, FIELD PERSONNEL AND NUMEROUS DRILLING PROSPECTS

With the strong pricing of oil and natural gas at the beginning of 2000 as a backdrop for exploration, Bison Resources Ltd. commenced the year with a limited drilling program in three different areas of Southeast Saskatchewan. The initial success in each area led to a total program for the year of nine wells; eight were completed as producing oil wells and one well drilled as a water disposal well. The increase in oil production in conjunction with the corporate objective of lowering operating costs precipitated the construction of an oil battery at Huntoon where the water disposal well was drilled and the commencement of construction of a second battery at Midale which will be connected to a regional pipeline and serve as a terminal for all company production.

With a 100% drilling success rate, Bison is continuing to pursue opportunities in Southeast Saskatchewan where the company now has facilities, field personnel and numerous drilling prospects. The core areas of Huntoon and Midale are only fifteen kilometers apart allowing for shared operating costs and other synergies. Additional prospects have been developed within the general area and mineral rights are continually being acquired providing future drilling targets. The Wordsworth area, where the first well was drilled in the year and completed successfully as an oil well, remained a single well pool through the year because of the necessity of drilling for lease preservation at Midale. Bison expects to further develop the Wordsworth pool in the upcoming year.

As evidenced on a continual basis by mergers and acquisitions, gas production has captured the current market spotlight. While the company does have a limited number of gas prospects in Alberta, the competition for mineral rights is so great that it precludes Bison trying to conquer both the oil and gas fronts simultaneously. Bison recognizes that although dramatic asset value growth can be achieved more easily with successful drilling of high impact gas plays, the prudent allocation of available funds dictates that the company defer its gas pursuits to at least the latter part of 2001.

In spite of being a small producer Bison has been able to successfully exploit opportunities on 100% working interest lands with the "hands on" approach from prospect generation to battery construction resulting in a company whose staff are very much in touch with all of its operations. With the exception of adding field personnel the company believes that it can grow much larger on a production basis without adding staff and increasing general and administrative costs. Projects undertaken at 100% working interest levels reduce accounting costs and streamline the decision making process. Bison also relies on a select group of consultants and contractors who have displayed a genuine interest in being a part of a success story and for that all shareholders can be grateful.

In keeping with past expressed philosophy, Bison is committed to achieving the highest possible asset value with the least shareholder dilution. The current levels of production will provide capital resources for further growth over the foreseeable future. Bison's staff have made the year 2000 a very successful cornerstone in the company's history. As President I trust that our current shareholders are satisfied with the company performance and will support our efforts as we move into the year 2001.

N Swagor

Nicolas S. Swagor
President

BISON
RESOURCES LTD.

BUSINESS AND EXPLORATION STRATEGY

Bison's principal area of focus is in Southeast Saskatchewan where drilling success during 2000 has created numerous opportunities and shaped future activity for the company. While the area is prolific in oil, commercial accumulations of gas are rare and undeveloped at the present time. Consequently, Bison remains committed to developing its crude oil asset base in the near future and is placing less emphasis on gas development.

BISON'S FOCUS WILL BE ON HIGHER PRODUCTIVITY PROSPECTS CONCENTRATING ITS ACTIVITY WHERE IT CAN TAKE ADVANTAGE OF ITS EXISTING PRODUCTION FACILITIES

Asset acquisition is not a high priority for Bison as the company believes maximizing shareholder value can be best achieved through continued successful drilling. Bison will look at possible "good fits" keeping in mind the advantages of having new wells and facilities versus older ones and their associated abandonment costs and environmental risks.

In selecting drilling projects Bison's focus will be on higher productivity prospects concentrating its activity where it can take advantage of its existing production facilities or on projects that can be exploited and sold easily to capture high present worth values that can then be re-channeled into drilling and production in core areas. Consequently, the company may be subject to changing daily production rates and fluctuating reserves throughout the year with the final result being continued overall growth.

The capital intensive nature of the oil and gas business continually calls for more cash and Bison is fortunate to have in its portfolio solid prospects that it needs to fund. Increased cash flow from higher production and more cost effective operations will help Bison to continue to expand its asset base. However, as no equity offerings are planned for the near future, there will be a requirement to lean more heavily on bank debt to fund short term objectives until cash flow can keep up with the pace of expenditures. In addition, in keeping with past performance Bison will also consider non-essential asset sales to provided funds for higher reward projects.

With the exception of adding field personnel Bison believes its current staff is sufficient to manage a production base of up to 1,500 boepd and therefore the general and administrative costs relative to income are expected to continue to shrink as production grows.

In anticipation of an active year of drilling, Bison began 2000 by selling the Joffre oil well which it had recently acquired and re-worked. The sale reduced the daily oil production of the company by 22 BOPD, but the increased working capital was utilized in drilling the first three wells of the year in Southeast Saskatchewan. A total of eight oil wells and one water disposal well were drilled in 2000 for a 100% success rate. The success achieved will lead to further development wells and in anticipation of additional capital requirements Bison sold its interest in the producing Manyberries, Alberta gas well which reduced daily production by 12 BOEPD but added over $370,000 to the company's capital drilling budget.

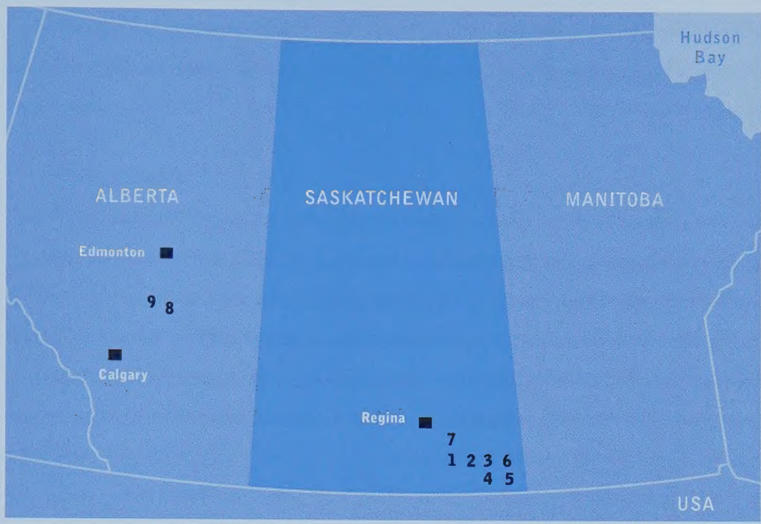
At Huntoon the company purchased 100% working interests in two wells and performed workovers on both. One well was placed onstream at 10 BOPD but the other proved to be marginal and was abandoned. At Wordsworth a new Frobisher pool was completed and placed on production at 24 BOPD (net 17 BOPD) in May and has maintained a flat production profile throughout the year. While only the one well has been drilled to date, there are at least two other low risk locations which Bison will develop in the future. A development well drilled at the Huntoon property was completed as an oil well and placed on stream in the second quarter. Bison constructed battery facilities complete with a salt water disposal well at Huntoon and began processing all of its fluid production in August. Clean oil was shipped to a third party terminal for final sales.

Drilling success at Midale began in May by completing a new pool wildcat oil well and by the end of the third quarter Bison had drilled five more oil wells within one section of mineral rights. Bison was sufficiently encouraged by the results to begin construction of a new process facility complete with a sales pipeline connection. Completion prior to year end was hampered by weather and regulatory restrictions but the project was sufficiently far enough along to be completed in the first quarter of 2001.

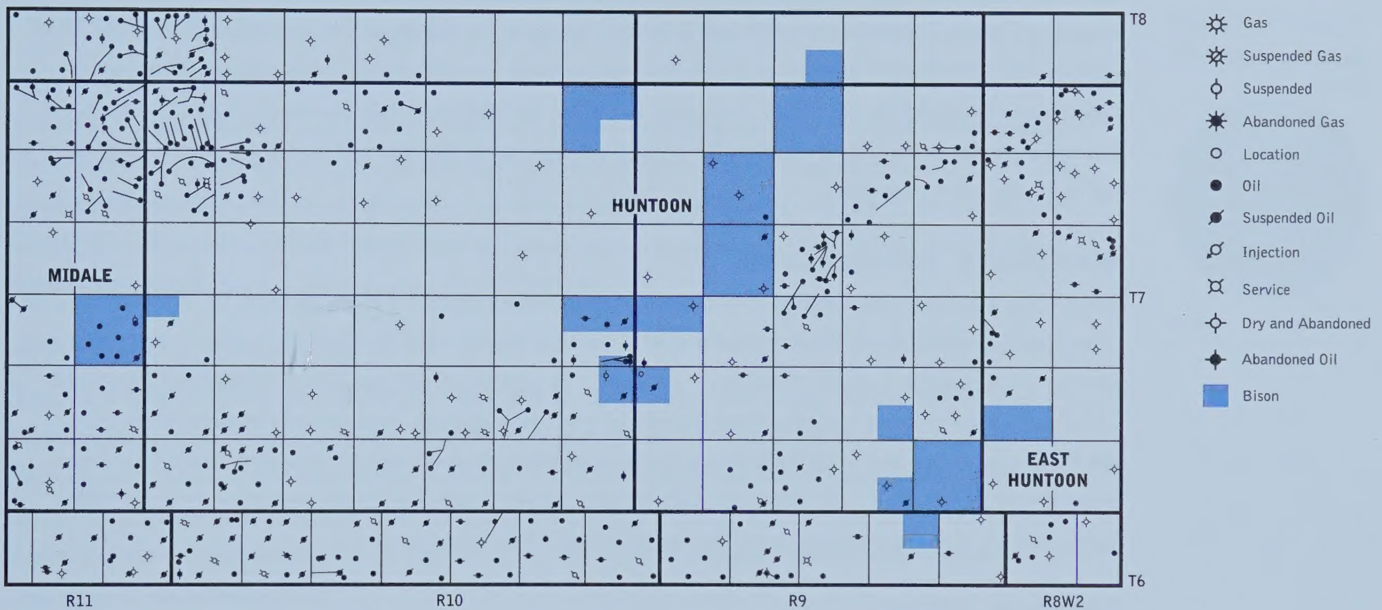
Knowledge gained from drilling was utilized to expand Bison's land position and develop additional prospects in Huntoon, Midale, Wordsworth and Griffin. Bison has chosen to maintain a 100% working interest position in acquiring mineral rights and will develop its core areas through drilling.

Bison assumed operatorship of the new well at Nelson, Alberta and finished equipping and placing the well on production. What was initially thought to be a gas well based upon log interpretation instead produced lower gravity oil. By late fourth quarter the decision was made to suspend oil production due to operational difficulties resulting from cold weather but with a return to warm weather the well will resume production.

PRINCIPAL PROPERTIES



1 Midale
2 Huntoon
3 Wordsworth
4 Willmar
5 Auburnton
6 Wauchope
7 Griffin
8 Hillsdown
9 Morningside

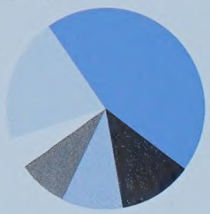


Huntoon, Saskatchewan

The Huntoon area southeast of Weyburn, was the first play developed by the company and typifies the opportunity which Bison has capitalized upon in the past year. The area had been previously drilled in the mid 1960's and reserves proven in the Frobisher Beds within the Mississippian Mission Canyon Formation. While oil production in old wells had decreased with a large increase in water volumes, the presence of good quality reservoir rock with an active water drive for pressure maintenance offered excellent drilling prospects. Bison's first well drilled in 1998 was a horizontal well that was successfully completed as a two leg horizontal and has produced over 89,000 bbls. Subsequently the company acquired two wells and did minor workovers to improve well performance. During 2000 Bison drilled an additional well between the horizontal legs to allow production from a zone different from the horizontal, thereby adding both daily production and reserves not previously accounted for. The production of water, an inevitable scenario, necessitated the construction of an oil battery and the drilling of a water disposal well which also filled the gap for the company to begin to process all of its production and monitor more closely the daily production. The information gained by drilling has sparked Bison to add to its land base in the immediate area and plans are underway to exploit the area with at least two more wells in 2001.

Proved reserves in the Huntoon area are estimated at 138,000 bbls of crude oil. Operationally, all of the projects undertaken in Huntoon are at a 100% working interest and the company facility is operated by Bison staff. Production is subject to crown royalty.

LAND HOLDINGS
[acres]



Midale, Saskatchewan

Midale was considered the exploratory candidate for 2000, with the promise of high rewards if successful. While clearly a new pool test, the key for the play was the presence of substantial oil tests and production from wells in the immediate area. Fortunately for Bison, the geological concept tested proved to be correct and the reward was a series of completions in the Frobisher Formation. Bison drilled six vertical wells within Section 13 and completed the wells in four different porous horizons within the Mississippian. Wells have typically been completed from the "bottom up" allowing for the future uphole re-completion of porous zones in most wells as lower zones "water out".

The success of the drilling project prompted Bison undertake the construction of a larger battery capable of handling fluids from both the flow lined wells and outside production from new wells the company plans to drill in adjacent areas. Located within 600 feet of a major pipeline, the battery will be connected to the pipeline to alleviate the shut down of production during the "spring break-up" experienced in past years. Minor land acquisitions offsetting the main part of the pool will allow for additional drilling targets in 2001. After Bison has had a chance to monitor production for at least six months the decision will be made to further exploit the pool with horizontal wells.

LAND HOLDINGS
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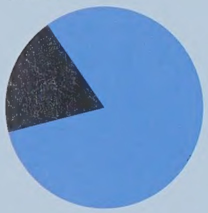


Wordsworth, Saskatchewan

Bison has a 100% working interest in 480 acres of undeveloped lands in 007-04 W2M in the Wordsworth area of southeast Saskatchewan. Bison drilled one 60% working interest well on offsetting lands and completed the well for oil production from the Frobisher Formation. The geologic knowledge gained suggests an immediate offset well to the producer with a subsequent well on the 100% acreage. Production is expected from any of the Frobisher, Kisbey and Alida Beds within the Mississippian Mission Canyon Formation. One 1,295 meter development location has been identified at 01-08-007-04 W2M with the Kisbey Sandstone as the primary target and the secondary targets being the Frobisher and Alida formations.

Hillsdown, Alberta

The Hillsdown property is now the sole gas producing property Bison has ownership in. Hillsdown is a non-operated gas prospect currently producing gas from two Viking Formation gas wells, with gross production of 500 mcf/day (net 20 mcf/day). There is a third well which remains shut in and could be tied in if capacity is made available. Bison retains an 8% working interest in one producing well in 06-13-037-25 W4M and 20% working interest in sections 10 and 12-037-25 W4M.

EXPLORATORY LANDS

To grow the asset base of the company each year there will have to be an effort to establish new areas which can either be absorbed into existing facilities or stand alone as new core areas. The number of new areas drilled each year will remain a function of available funds, ideally increasing each year as the product of success.

Griffin, Saskatchewan

The first area which will be "explored" more intently in 2001 is Griffin, a 640 acre farmout with an option to drill to earn a further 320 acres. Bison has identified two locations, one a development offset location to the Griffin oil pool and the second an outpost well that will test a new pool. If successful the company could foresee the drilling of an additional five vertical wells and two horizontal wells to completely develop the asset. Comparisons to the offsetting Griffin pool suggest the horizontal wells are capable of extremely high production rates (as high as 600 BOPD), but Bison's production scenario would restrict production in favour of a longer well life. The location of the prospect is within 10 kilometers of the Midale battery site and could be added into the daily operations quite easily. If sufficient production is obtained Bison would have the option of building a new process facility complete with a major oil sales connection. Drilling of the prospect is anticipated in the first quarter of 2001.

THE NUMBER OF NEW AREAS DRILLED EACH YEAR WILL REMAIN A FUNCTION OF AVAILABLE FUNDS, IDEALLY INCREASING EACH YEAR AS THE PRODUCT OF SUCCESS

Auburnton, Saskatchewan

Bison has identified Auburton as the next exploratory project to be undertaken as funding becomes available. The prospect has remained very attractive, targeting Frobisher Formation oil trapped both structurally and stratigraphically. Currently Bison has a 100% working interest in 1,280 acres of crown lands and will add to that through crown sales and freehold leasing. Should an evaluation well prove to be successful future development would create a new core area for the company.

Wauchope, Saskatchewan

Wauchope remains an excellent exploratory type play for the company with a land position of 794 acres of 100% working interest exploratory acreage. The Alida and Tilston formations are the targeted productive horizons and Bison will evaluate the play by drilling a vertical well followed by horizontal wells if successful. The prospect could easily duplicate other company projects where the current land holdings encapsulate the entire projected accumulation of oil. If tested in 2001, the bulk of the development of Wauchope would take place in the following year.

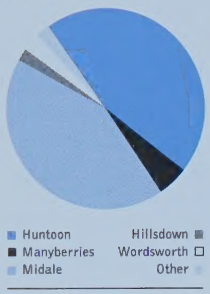
Willmar, Saskatchewan

Willmar remains a low risk infill drilling prospect on 40 acres of 100% working interest lands. Logistics and capital restrictions have been the primary reasons Bison has not yet drilled the prospect, but there is an internal commitment to drill as soon as possible. The infill well could produce productive rates as high as 150 BOPD and establish proven reserves of 150,000 bbls recoverable. Willmar does not appear capable of forming a new core area and as such the merit of the property lies with a quick payout and future sale.

Morningside, Alberta

Bison's land position continues to grow in the Morningside area but funding has again restricted development thus far. During the past year there has been development of the area by other industry companies and as the information from their drilling and production is made public Bison will incorporate that into its current model of the area. From the timing of lease expiries it will be necessary to drill within the next 12 months. Drilling this project on a 100% basis will be unlikely and a more prudent course of action for Bison will be to lessen its working interest through a farmout or by engaging partners.

OIL & NATURAL GAS PRODUCTION
[BOE]



OIL & NATURAL GAS PRODUCTION
[BOE]

OIL & NATURAL GAS RESERVES
[BOE]

Proved & Probable [risked @ 50%]

OIL & NATURAL GAS RESERVES
[BOE]

Proved & Probable [risked @ 50%]

Production

Area	Oil (bbls)	Natural Gas (mcf)	NGL (bbls)	BOE (bbls)	BOEPD (bbls)
Midale, Saskatchewan	28,891	0	0	28,891	248
Huntoon, Saskatchewan	30,961	0	0	30,961	93
Wordsworth, Saskatchewan	2,223	0	0	2,223	10
Innes, Saskatchewan	181	305	0	212	7
Manyberries, Alberta	0	36,638	0	3,664	12
Hillsdown, Alberta	0	12,331	355	1,588	1
Nelson, Alberta	1,479	0	0	1,479	5
Total	63,663	49,274	355	68,915	379

Reserves

Bison 's oil and natural gas reserves have been reported as at December 31, 2000 by Martin Brusset Associates ("MBA"). MBA prepared an evaluation of the oil and natural gas reserves and the future cash flows attributable to Bison's interests in the Midale, Huntoon and Wordsworth areas in Saskatchewan and the Hillsdown area of Alberta.

In accordance with industry practice probable reserves and related present worth values have been reduced by 50% to incorporate an allowance for the risks and uncertainties associates with those reserves. It should be noted that the degree of uncertainty in an evaluation of oil and natural gas reserves varies according to the property. The average 50% risk applied may not represent the best estimate of risk for specific properties.

The estimated future net production revenues stated net of royalties, operating costs and future development costs and prior to any provision for income taxes, overhead and interest costs are as follows:

	Reserves		Discounted Value of Estimated Future Net Reserves		
	Oil & NGL	Natural Gas			
	(BBL)	(MCF)	0%	10%	15%
Proved Producing	466,000	117,000	$ 7,228,000	$ 6,095,000	$ 5,697,000
Proved Non-Producing	77,000	0	$ 1,255,000	$ 999,000	$ 911,000
Probable (Risked)	319,000	0	$ 4,975,000	$ 2,647,000	$ 2,126,000
Total	865,000	117,000	$13,458,000	$ 9,741,000	$ 8,734,000

Reserve volumes are before the deduction of royalty interests. It should not be assumed that the discounted value of estimated future net production revenues is representative of the fair market value of the estimated oil and natural gas reserves. The price forecast used in the evaluation was based on MBA's interpretation of future oil and gas prices as appear likely from movements in world oil and gas prices. Oil prices for individual pools are based on published prices which vary with oil gravity and sulphur content. Future prices increase according to the reference price schedule, adjusted by the difference between the current price and the reference price. Gas prices were based on an assessment of likely prices for each major gas purchaser in Canada and vary with the cost of service.

MANAGEMENT DISCUSSION AND ANALYSIS

Management's discussion and analysis is a review of the Corporation's financial condition and results of operations as compared to the previous year. Comments relate to and should be read in conjunction with the financial statements. The discussion is intended to provide both a historical and prospective analysis of the activities of the Corporation.

NET INCOME [LOSS]
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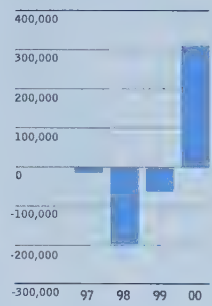
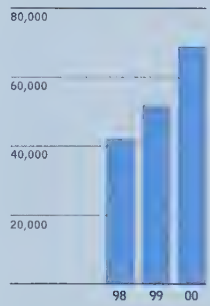


Financial Highlights

The following table sets forth certain financial information of the Corporation for the years ended December 31, 1998, 1999 and 2000.

Year ended December 31	1998	1999	Change	2000	Change
Total revenue (net of royalties)	$ 667,589	$ 1,254,258	88 %	**$ 2,224,198**	77 %
Cash flow from operations	$ 196,107	$ 310,149	58 %	**$ 1,079,224**	248 %
Cash flow per share	$ 0.03	$ 0.04	30 %	**$ 0.11**	179 %
Earnings before interest, income taxes, depreciation, depletion and amortization	$ 202,067	$ 335,996	66 %	**$ 1,104,666**	229 %
Earnings	$ (198,936)	$ (63,856)	68 %	**$ 309,986**	585 %
Earnings per share	$ (0.03)	$ (0.01)	74 %	**$ 0.03**	489 %
Earnings per share (fully diluted)	$ (0.03)	$ (0.01)	74 %	**$ 0.03**	489 %
Total assets	$ 1,862,642	$ 3,321,787	78 %	**$ 5,753,129**	73 %
Long-term debt	$ 231,000	$ 284,000	23 %	**$ 1,172,650**	313 %
Shareholder's equity	$ 1,407,988	$ 1,915,154	36 %	**$ 2,528,897**	32 %
Shares outstanding	7,765,000	9,735,000	25 %	**10,634,500**	9 %

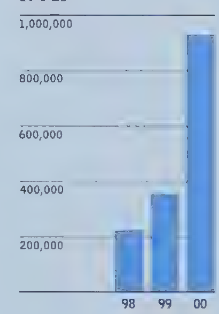
ANNUAL PRODUCTION
[BOE]



Revenue

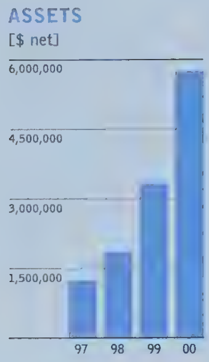
Bison's average daily production for the year ended December 31, 2000 was 379 boepd, comprised of 363 bpd of crude oil and ngl and 163 mcfd of natural gas, as compared to 161 boepd, comprised of 144 bpd of crude oil and ngl and 144 mcfd of natural gas for the year ended December 31, 1999. The increase of 218 boepd in Bison's average daily production rate in the year ended December 31, 2000 over the comparable period in 1999 is attributable to new production from eight new oil wells.

RESERVES
[BOE]



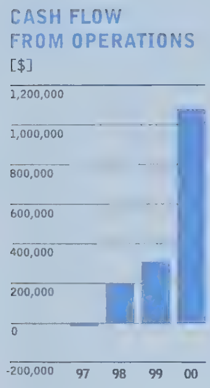
Production revenues, net of royalties, for the year ended December 31, 2000 were $2,224,198 compared to $1,253,706 for the year ended December 31, 1999. This increase in production revenues was the result of the increase of 218 boepd in Bison's average daily production rate as well as increased prices for crude oil and natural gas. For the year ended December 31, 2000 Bison realized an average price of $40.52 per bbl for crude oil and ngl and $4.63 per mcf for natural gas compared to an average price of $25.23 per bbl for crude oil and ngl and $2.71 per mcf for natural gas for the year ended December 31, 1999.

For the year ended December 31, 2000 crude oil sales of $2,593,799 accounted for 92% while natural gas sales of $228,288 accounted for 8% of the total revenue compared to crude oil sales of $1,159,255 (87%) and natural gas sales of $165,612 (13%) for the year ended December 31, 1999.



Royalties

Royalties include payments made to the provinces of Alberta and Saskatchewan (crown royalties), freehold owners and other third parties. Royalties (net of ARTC) paid during the year ended December 31, 2000 totaled $598,243 (21% of total revenue or $8.68 per boe) compared to $71,159 (5% of total revenue or $1.37 per boe) for the year ended December 31, 1999. The province of Saskatchewan provides royalty rate reduction incentives for initial volumes produced from new oil wells. Increases in crown royalties were the result of increased royalty rates as the initial threshold volumes on new wells was reached and the price of crude oil increased. The increase in royalties was also the result of new production from freehold lands with no royalty rate reduction incentives.



Production and General & Administrative Expenses

Production expenses increased from $529,471 ($10.17 per boe) for the year ended December 31, 1999 to $620,983 ($9.28 per boe) for the year ended December 31, 2000. These expenses increased as a result of increased production from the eight new oil wells and a workover of one oil well. Production expenses on a per boe basis decreased due to lower water production from the new wells as well as the construction of Bison owned battery facilities in the second half of the year.

General and administrative expenses increased to $498,549 ($7.23 per boe) for the year ended December 31, 2000 from $388,791 ($7.47 per boe) for the year ended December 31, 1999. The increase of $109,758 was mainly due to a $74,629 increase in salaries and management fees and a $13,577 increase in payments to the federal government associated with flow-through share renounciations. The remaining $21,552 increase was spread evenly over numerous general and administrative expenses. Interest on long-term debt decreased slightly to $25,442 for the year ended December 31, 2000 from $25,847 for the year ended December 31, 1999.

Depreciation, Depletion and Amortization

The provision for depreciation, depletion and amortization of property and equipment, including a provision for future abandonment costs increased to $550,614 for the year ended December 31, 2000 from $450,482 for the year ended December 31, 1999. This increase was a result of the higher production rates.

Income Taxes

For the year ended December 31, 2000 Bison recorded an income tax expense of $218,624 compared to an income tax recovery of $76,478 for the year ended December 31, 1999. Bison's future income tax liability increased from $619,094 as of December 31, 1999 to $1,034,117 as of December 31, 2000. Bison also increased its income tax provision of its shareholder's equity from $878,149 as of December 31, 1999 to $1,074,548 as of December 31, 2000 as a result of the flow-through share offering made during the year.

Earnings

Cash flow from operations for the year ended December 31, 2000 increased to $1,097,224 ($0.11 per share or $15.65 per boe) compared to $310,149 ($0.04 per share or $5.96 per boe) the year ended December 31, 1999. Earnings before interest, taxes, depreciation, depletion and amortization (EBITDA) during the year ended December 31, 2000 increased to $1,104,666 from $335,996 for the year ended December 31, 1999. Net income for the year ended December 31, 2000 increased to $309,986 ($0.03 per share) from a loss of $63,856 ($0.01 per share) for the year ended December 31, 1999.

Netbacks

The following table sets forth the Corporation's production netbacks for the year ended December 31, 2000.

	Crude Oil ($ per bbl)	Natural Gas ($ per mcf)	Total ($ per boe)
Revenue	$ 40.52	$ 4.63	$ 40.93
Royalties, net	$ (8.65)	$ (0.90)	$ (8.68)
Lease operating expenses	$ (9.17)	$ (0.31)	$ (9.01)
Netback	$ 22.70	$ 3.42	$ 23.25

Ratios

The following table sets forth selected ratio's for the years ended December 31, 1998, 1999 and 2000.

	1998	1999	**2000**
Recycle ratio	0.38	2.96	**0.72**
Reserve life index – years	3.21	6.31	**6.62**
Reserve replacement ratio	4.70	6.79	**11.24**
Yearly finding and development costs (per boe)	$ 10.17	$ 2.98	**$ 5.12**
Finding and development costs to date (per boe)	$ 10.17	$ 7.11	**$ 6.24**

Liquidity and Capital Resources

Capital expenditures on exploration, development and operating activities precede the resulting production and cash flow, often for a significant period. Continued growth and the ability to capitalize on opportunities as they arise requires capital resources in excess of funds generated through operating activities. Historically, Bison's primary sources of financing have been private placements of equity securities, funds from operations and bank indebtedness. In keeping with a philosophy of maintaining corporate structure and faced with undervalued common shares in the oil & gas equity markets, Bison has chosen to minimize its equity offerings to date. Bison's strategy is to fund future exploration and development expenditures and acquisitions from cash flow from operations together with the proceeds of limited equity offerings and available debt facilities. Management of Bison believes that funds from these sources will be adequate to meet Bison's near-term liquidity needs.

During 2000 Bison issued a total of 899,500 common shares, raising at total of $509,800 less share issuance costs of $9,643 for net proceeds of $500,157. Bison issued 750,000 of the total common shares by way of flow-through share offerings whereby the $450,000 raised is required to be spent on qualified CDE and CDD expenditures allowing for the tax benefits of those expenditures to "flow through" to the shareholder. In addition, 149,500 agents options from previous public offerings were exercised for total proceeds of $59,800. Bison used these funds along with cash flow from operations and its long-term revolving line of credit to finance net capital expenditures of $3,313,256 in 2000. The balance of Bison's long-term revolving line of credit was $1,172,650 at December 31, 2000.

MANAGEMENT'S REPORT

Management is responsible for the preparation of the financial statements and for the consistency therewith of all other financial and operating data presented in this annual report. Management maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information.

External auditors, appointed by the shareholders, have examined the financial statements. The Audit Committee has reviewed the financial statements with management and the auditors and has reported to the Board of Directors. The Board has approved the financial statements.

N Swagor

Nicolas S. Swagor
President

Kevin D. Dumba
Vice President Finance

AUDITOR'S REPORT

We have audited the balance sheets of Bison Resources Ltd. as at December 31, 2000 and 1999 and the statements of operations and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Calgary, Canada
March 23, 2001

BALANCE SHEETS

December 31, 2000 and 1999	2000	1999
Assets		
Current assets:		
Cash	**$ –**	$ 662,197
Accounts receivable	**522,680**	220,488
Other	**18,865**	14,060
	541,545	896,745
Capital assets (note 2)	**5,211,584**	2,425,042
	$ 5,753,129	$ 3,321,787
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 967,565**	$ 477,539
Current portion of long-term debt (note 3)	**1,172,650**	–
	2,140,215	477,539
Long-term debt (note 3)	**–**	284,000
Provision for site restoration costs	**49,900**	26,000
Future income tax liability (note 6)	**1,034,117**	619,094
Shareholders' equity:		
Share capital (note 4)	**2,314,552**	2,010,795
Retained earnings (deficit)	**214,345**	(95,641)
	2,528,897	1,915,154
	$ 5,753,129	$ 3,321,787

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Years ended December 31, 2000 and 1999	2000	1999
Revenue:		
Oil and gas revenues	**$ 2,822,087**	$ 1,324,867
Royalties	**(598,243)**	(71,159)
Interest	**354**	550
	2,224,198	1,254,258
Expenses:		
Production	**620,983**	529,471
Depreciation, depletion and amortization	**550,614**	450,483
General and administration	**498,549**	388,791
Interest on long-term debt	**25,442**	25,847
	1,695,588	1,394,592
Net income (loss) before taxes	**528,610**	(140,334)
Income tax expense (recovery) (note 6)	**218,624**	(76,478)
Net income (loss) for the year	**309,986**	(63,856)
Deficit, beginning of year	**(95,641)**	(31,785)
Retained earnings (deficit), end of year	**$ 214,345**	$ (95,641)
Net income (loss) per share:		
Basic	**$ 0.03**	$ (0.01)
Diluted	**$ 0.03**	$ (0.01)

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2000 and 1999	2000	1999
Cash provided by (used in):		
Operations:		
Net income (loss)	$ 309,986	$ (63,856)
Deduct non-cash items:		
Depletion, depreciation and amortization	550,614	450,483
Income tax expense (recovery)	218,624	(76,478)
Funds from operations	1,079,224	310,149
Change in non-cash operating working capital	(197,884)	272,266
	881,340	582,415
Financing:		
Proceeds on long-term debt	888,650	53,000
Issue of share capital	509,800	768,000
Share issue costs	(9,644)	(115,406)
	1,388,806	705,594
Investments:		
Additions to capital assets	(3,313,256)	(517,051)
Change in non-cash working capital	380,913	(91,524)
	(2,932,343)	(608,575)
Increase (decrease) in cash	(662,197)	679,434
Cash (bank indebtedness), beginning of year	662,197	(17,237)
Cash, end of year	$ –	$ 662,197
Funds from operations per share:		
Basic	$ 0.11	$ 0.04
Diluted	$ 0.11	$ 0.04
Supplementary disclosure of cash paid for:		
Interest	$ 25,442	$ 25,847

Cash is comprised of cash and short-term deposits

See accompanying notes to financial statements.

Incorporation and basis of presentation:

Bison Resources Ltd. (the "Corporation") was incorporated under the Business Corporations Act (Alberta) on May 7, 1997.

1. Significant accounting policies:

The financial statements are prepared in accordance with accounting principles generally accepted in Canada. Significant accounting policies are summarized below:

(a) Capital assets:

The Corporation follows the full cost method of accounting for oil and gas operations, whereby all costs of exploring for and developing oil and gas properties and related reserves are capitalized by cost centre. Such costs include land acquisition costs, cost of drilling both productive and non-productive wells, and geological and geophysical expenses and related overhead.

Capitalized costs, excluding costs relating to unproven properties, are depleted using the unit-of-production method based on estimated proven reserves of oil and gas before royalties as determined by independent petroleum engineers. For purposes of the depletion calculation, natural gas reserves and production are converted to equivalent volumes of crude oil based on the relative energy content.

The Corporation applies a "ceiling test" to capitalized costs to ensure that such costs do not exceed future net revenues from estimated production of proven reserves, using prices and costs in effect at the Corporation's year end, and the costs of unproven properties less impairment. Future net revenues are undiscounted and are calculated after deducting general and administrative costs, financing costs, income taxes and site restoration and abandonment costs.

Proceeds from the sale of petroleum and natural gas interests are applied against capitalized costs with no gain or loss recognized unless such a sale would significantly alter the rate of depletion and depreciation.

Depreciation of furniture, office equipment and vehicles will be provided using the straight-line method based upon estimated useful lives at rates of 15% to 30%.

(b) Interest in joint ventures:

A portion of the Corporation's oil and gas exploration and development activities are conducted jointly with others and, accordingly, the financial statements reflect only the Corporation's proportionate interest in such activities.

(c) Future site restoration and abandonment costs:

Site restoration and abandonment costs are provided for over the life of the estimated proven reserves on a unit-of-production basis. Costs are estimated each year by management in consultation with the Corporation's engineers based on current regulations, costs, technology and industry standards. The period charge is expensed and actual site restoration and abandonment expenditures are charged to the accumulated provision account as incurred.

(d) Measurement uncertainty:

The amounts recorded for depletion, depreciation and amortization of petroleum and natural gas properties and equipment and the provision for future site restoration and abandonment costs are based on estimates. The ceiling test is based on estimates of proved reserves, production rates, oil and gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(e) Per share amounts:

The Canadian Institute of Chartered Accountants has approved a new standard for the computation, presentation and disclosure of earnings per share. The Corporation has retroactively adopted the new standard effective December 31, 2000. Under the new standard, the treasury stock method is used instead of the imputed earnings method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only "in the money" dilutive instruments impact the fully diluted calculations. In computing diluted earnings and cash flow from operations per share, 428,191 net shares were added to the weighted average number of common shares outstanding during the year ended December 31, 2000 (1999 - 50,691 net shares) for the dilutive effect of employee stock options. No adjustments were required to reported earnings or cash flow from operations in computing diluted per share amounts. There was no impact on fully diluted earnings or cash flow from operations per share for 1999 or 2000 as a result of this change of accounting policy.

(f) Flow-through shares:

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. Share capital is reduced and the future income tax liability is increased by the estimated cost of the renounced tax deductions.

(g) Stock-based compensation plan:

The Corporation has one stock-based compensation plan, which is described in note 4. No compensation expense is recognized for these plans when stock options are issued to employees. Any consideration paid by employees on exercise of stock options is credited to share capital. The Corporation does not purchase stock or stock options from employees as part of its stock-based compensation plan.

(h) Financial instruments:

The Corporation uses derivative financial instruments from time to time to hedge its exposure to fluctuations in oil and natural gas prices. Gains or losses from these activities are reported as adjustments to the related revenue or expense accounts when a gain or loss is realized.

(i) Income taxes:

The Corporation follows the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

2. Capital assets:

2000	Cost	Accumulated depreciation	Net book value
Petroleum and natural gas properties & equipment	$ 6,487,078	$ 1,326,500	$ 5,160,578
Other equipment	70,746	19,740	51,006
	$ 6,557,824	$ 1,346,240	$ 5,211,584
1999			
Petroleum and natural gas properties & equipment	$ 3,208,304	$ 810,100	$ 2,398,204
Other equipment	36,264	9,426	26,838
	$ 3,244,568	$ 819,526	$ 2,425,042

The depletion calculation has excluded unproved properties of $599,681 (1999 - $462,277). As at December 31, 2000, the estimated future site restoration costs to be accrued over the remaining proved reserves are $269,600 (1999 - $108,690).

3. Long-term debt:

The long-term debt is comprised of a revolving term loan with an authorized borrowing base of $1,350,000, bearing interest at prime plus 1% per annum with interest payable monthly. The credit will revolve until May 31, 2001, when the credit facility may be converted to a term facility with a term not exceeding five years, the committed limit of which will be determined by the bank. The long-term debt is secured by a general assignment of book debt, and a $10,000,000 demand debenture conveying a first floating charge over all assets.

At December 31, 2000, the Corporation was in breach of a covenant in respect of this credit facility which requires that the working capital ratio shall not be less than 1:1. As a result of the breach, the entire amount due under the debt facility at December 31, 2000 was classified as current.

4. Share capital:

(a) Authorized:

Unlimited number of common shares

(b) Common shares issued:

	Number of shares	Amount
Balance, December 31, 1998	**7,765,000**	**$ 1,622,350**
Agents options exercised	100,000	20,000
Private placement flow-through shares	375,000	150,000
Public offering flow through shares	1,495,000	598,000
Less tax effect of flow-through shares	–	(333,608)
Share issue costs, net of tax effect of $51,471	–	(63,935)
Change in accounting policy	–	17,988
Balance, December 31, 1999	**9,735,000**	**2,010,795**
Agents options exercised	149,500	59,800
Private placement flow-through shares	750,000	450,000
Less tax effect of flow-through shares	–	(200,700)
Share issue costs, net of tax effect of $4,301	–	(5,343)
Balance, December 31, 2000	**10,634,500**	**$ 2,314,552**

(c) Outstanding options:

At December 31, 2000, the Corporation had a stock-based compensation plan. The Corporation's Stock Option Plan, as adopted by the Board of Directors, effective June 16, 1998, is described below:

Stock options to purchase common shares may be granted to the directors, officers, employees, key personnel (including consultants) of the Corporation by the Board of Directors of the Corporation.

The maximum number of stock options which may be granted or shares reserved for issuance under the stock option plan shall be limited to a floating amount, being that number of common shares which is equal to 10% of the number of common shares outstanding from time to time and the maximum number of stock options that may be issued to a particular person shall be limited to 5% of the number of common shares outstanding from time to time, provided that subsequent decreases in the number of outstanding shares shall not affect the validity of previously reserved or issued options.

The exercise price for the shares covered by each stock option shall not be lower than the closing price of the common shares on the CDNX on the date prior to the CDNX being notified of the proposed granting of the stock option (or the average price of the common shares for the last ten trading days prior to the CDNX being notified, if such average price exceeds the closing price by 10% or more), less the maximum discount permitted by the CDNX.

The stock options granted shall become exercisable (vested) either in yearly increments or immediately at the time of grant and shall expire on dates selected by the Board of Directors at the date of grant. Each stock option may be exercised, with respect to any of the shares covered thereby, at any time between the date on which it becomes exercisable and the end of the stock option's term.

The optionees shall be protected in the event of any stock split, stock dividend or combination, or any other similar recapitalization or reclassification of the common shares affecting the proportionate rights of holders thereof without direct payment for shares. In any such case, the number of shares then subject to each stock option and the price to be paid therefore shall be so adjusted equitably so that the optionees' proportionate interest shall be maintained without change in aggregate option price. Appropriate provisions shall be made for protection of the optionees rights in event of any merger, consolidation or reorganization of the Corporation.

The Corporation shall enter into an agreement with each optionee specifying the number of shares under option to such optionee, the exercise dates and expiry dates. Any one director of the Corporation is authorized to execute, on behalf of the Corporation and under its corporate seal, each such agreement.

Subject to the receipt of any necessary approvals from the CDNX, the Board of Directors may amend or discontinue the Stock Option Plan at any time, but no such amendment may alter or impair any options previously granted except with the written consent of the holder of the option.

A summary of the status of the Corporation's Stock Option Plan as of December 31, 2000 and 1999, and changes during the years ending on those dates, is presented below:

		2000		1999
	Number of options	**Average exercise price**	Number of options	Average exercise price
Balance, beginning of year	**700,000**	**$ 0.28**	475,000	$ 0.31
Granted	**273,500**	**0.26**	275,000	0.20
Exercised	**–**	**–**	–	–
Canceled	**–**	**–**	(50,000)	0.20
Balance, end of year	**973,500**	**$ 0.27**	700,000	$ 0.28
Exercisable at year end	**973,500**	**$ 0.27**	700,000	$ 0.28

As of December 31, 2000, 525,000 stock options outstanding under the Corporation's Stock Option Plan have an exercise price of $0.20; 200,000 have an exercise price of $0.25; 73,500 have an exercise price of $0.30; and the remaining 175,000 have an exercise price of $0.50. The 973,500 stock options have a weighted-average remaining contractual life of 3.1 years.

(d) Pursuant to various escrow agreements, 476,601 common shares are being held in escrow at December 31, 2000. These shares shall be released based on various time criteria or earlier at the discretion of the Alberta Securities Commission or The Canadian Venture Exchange.

5. Financial instruments:

The Corporation's financial instruments consist of accounts receivable, prepaid expenses, accounts payable and long-term debt. The fair value of these financial instruments approximate their carrying value.

Accounts receivable include amounts receivable for natural gas and crude oil sales. These sales are generally made to large credit worthy purchasers. The Corporation views the credit risk on these accounts as normal for the industry.

6. Income taxes:

The provision for income taxes differs from the amount obtained by applying the combined Federal and Provincial income tax rate of 44.6% to income before income taxes. The difference relates to the following items:

	2000	1999
Statutory tax rate	**44.6%**	44.6%
Expected expense (recovery)	**$ 235,760**	$ (62,589)
Non-deductible crown charges, net ARTC	**115,726**	24,389
Resource allowance	**(133,598)**	(40,347)
Other	**736**	2,069
	$ 218,624	$ (76,478)

The components of the net future income tax liability at December 31, 2000 and 1999 is as follows:

	2000	1999
Future income tax assets:		
Share issue costs	**$ 56,911**	$ 76,801
Loss carry forwards	**–**	33,087
Future site restoration	**16,692**	8,697
	73,603	118,585
Future income tax liabilities:		
Property, plant and equipment	**1,107,720**	737,679
Net future income tax liability	**$ 1,034,117**	$ 619,094

As at December 31, 2000, the Corporation has a commitment to renounce approximately $450,000 (1999 - $748,000) of income tax attributes associated with oil and gas exploratory and development activities.

7. Related party transactions:

Included in accounts receivable is $608 (1999 - $4,265) due from companies controlled by officers and directors of the Corporation. Included in accounts payable is $100,609 (1999 - $67,626) due to companies controlled by an officer and director of the Corporation.

CORPORATE INFORMATION

Directors

David G. Anderson [1]
Executive Vice President
Centrinity Inc.

Kevin D. Dumba [1]
Vice President Finance
Bison Resources Ltd.

R. Bradley Hurtubise [1]
Executive Vice President
Wireless Networks Inc.

Nicolas S. Swagor
President
Bison Resources Ltd.

[1] Member of Audit Committee

Officers and Key Personnel

Nicolas S. Swagor
President

Barrie Regan
Vice President Exploration

Kevin D. Dumba
Vice President Finance

Leslie L. Wybert
Office Manager

Chris N. Pederson
Field Foreman

Head Office

Suite 500
505 – 8th Avenue SW
Calgary, Alberta
Canada T2P 1G2
Telephone: (403) 265-5565
Facsimile: (403) 266-8886
www.bisonresources.com

Share Capital

Authorized: Unlimited number of Class "A" Common Shares, and unlimited number of first and second preferred shares

Issued and outstanding: 10,634,500
(11,608,000 fully diluted)

Stock Exchange Listing

The Canadian Venture Exchange
Symbol: BIS.A

Market Information

Common Share Price	
High	$ 0.84
Low	$ 0.20
Close	$ 0.58
Common Shares Traded	
First quarter	81,000
Second quarter	494,900
Third quarter	943,150
Fourth quarter	872,988
Year	2,392,038
Year-end shares outstanding	10,634,500
Weighted average shares outstanding	9,766,309

Registrar and Listing Agent

Computershare Trust Company of Canada
Calgary, Alberta

Banking

Bank of Nova Scotia
Calgary, Alberta

Auditors

KPMG LLP
Calgary, Alberta

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BISON
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